

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Tres Lagos Apartments Phase I, located at 23345 & 23365 Catt Road in Wildomar, requested and is being recommended for a reservation of \$2,512,264 in annual federal tax credits and \$14,493,831 in total state tax credits to finance the new construction of 88 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by D.L. Horn & Associates LLC and will be located in Senate District 28 and Assembly District 67.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) program of HCD.

Project Number CA-22-557

Project Name Tres Lagos Apartments Phase I
Site Address: 23345 & 23365 Catt Road
 Wildomar, CA 92595 County: Riverside
Census Tract: 432.70

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,512,264	\$14,493,831
Recommended:	\$2,512,264	\$14,493,831

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Palm Communities
Contact: Danavon L. Horn
Address: 100 Pacifica, Suite 203
 Irvine, CA 92618
Phone: (949) 878-9367
Email: dhorn@palmcommunities.com

General Partner(s) or Principal Owner(s): PC Wildomar Developers I LLC
 Las Palmas Housing and Development Corporation
General Partner Type: Joint Venture
Parent Company(ies): Palm Communities
 Las Palmas Housing and Development Corporation
Developer: D.L. Horn & Associates LLC
Bond Issuer: CSCDA
Investor/Consultant: Hunt Capital Partners, LLC
Management Agent: Aperto Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 89
 No. / % of Low Income Units: 88 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (89 Units - 100%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 CTCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	46	52%
50% AMI:	2	2%
60% AMI:	40	45%

Unit Mix

40	1-Bedroom Units
26	2-Bedroom Units
23	3-Bedroom Units
89	Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
39 1 Bedroom	30%	\$495
1 1 Bedroom	50%	\$825
4 2 Bedrooms	30%	\$594
1 2 Bedrooms	50%	\$990
21 2 Bedrooms	60%	\$1,179
3 3 Bedrooms	30%	\$686
19 3 Bedrooms	60%	\$1,311
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,611,750
Construction Costs	\$32,444,553
Construction Hard Cost Contingency	\$1,767,421
Soft Cost Contingency	\$500,000
Architectural/Engineering	\$1,264,176
Const. Interest, Perm. Financing	\$3,202,510
Legal Fees	\$248,854
Reserves	\$637,764
Other Costs	\$3,940,599
Developer Fee	\$4,590,806
Total	\$53,208,433

Residential

Construction Cost Per Square Foot:	\$460
Per Unit Cost:	\$597,848
True Cash Per Unit Cost*:	\$563,967

Construction Financing

Source	Amount
Banner Bank - Tax-Exempt	\$26,373,320
Banner Bank - Taxable Tail	\$13,576,680
Waived TUMF Fees	\$585,620
HACR Land Loan	\$322,126
Deferred Developer Fee	\$5,705,447
Tax Credit Equity	\$6,645,240

Permanent Financing

Source	Amount
Banner Bank	\$8,140,335
HCD - NPLH	\$8,504,431
Waived TUMF Fees	\$585,620
HACR Land Loan	\$322,126
Deferred Developer Fee	\$2,429,721
Tax Credit Equity	\$33,226,200
TOTAL	\$53,208,433

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$48,312,770
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$62,806,601
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,512,264
Total State Credit:	\$14,493,831
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,590,806
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.89000
State Tax Credit Factor:	\$0.74977

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The 4.06 acre project is part of a larger 10.13 acre site and the project site’s parcel (APN) have not yet been finalized. The legal description and APN for CA-22-557 must be completed as part of the placed-in-service package.

Resyndication and Resyndication Transfer Event. None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.